



C.L. "Butch" Otter, Governor

Megan Ronk, Director

**Economic Advisory Council Meeting**  
**Thursday, July 28, 2016**  
**Idaho Department of Commerce**  
Teton River Business Center  
343 East 4<sup>th</sup> North, Rexburg, ID 83440

**Members Present:**

Steve Meyer, *Region 1*  
Robin Woods, *Region 2*  
Mick Wiskerchen, *Region 3*  
John Craner, *Region 4*  
Arlen Wittrock, *Region 5*  
Mark Young, *Region 6*  
Margaret Watson, *At-Large*

**Members Absent:**

Gina Knudson, *Region 7*

**Commerce Staff Present:**

Megan Ronk, *Director*  
Bobbi-Jo Meuleman, *Chief Operations Officer*  
Susan Davidson, *Business Attraction Manager*  
Dennis Porter, *Community Development Program Manager*  
Sharon Deal, *Community Development Specialist*  
Audra Fink, *Administrative Assistant*  
Kallen Hayes, *Business Attraction Specialist*

**Guests Present:**

Ted Hendricks, *East Central Idaho Planning and Development Association (ECIPDA)*  
Rick Miller, *East Central Idaho Planning and Development Association (ECIPDA)*  
Jessica Moody, *East Central Idaho Planning and Development Association (ECIPDA)*  
David Porter, *U.S. Economic Development Administration*

**Call to Order & Welcome**

Chairman Arlen Wittrock called the meeting to order at 8:13 a.m.

**Council Vote on Approval of Minutes:**

Chairman Wittrock noted that the minutes for the June 23, 2016 Economic Advisory Council (EAC) meeting had been distributed and if there are no corrections he would entertain a motion to approve the minutes as distributed.

**Moved by:** Mark Young

**Seconded by:** Margie Watson

**All in favor. No discussion.**

**Motion approved.**

**Community Development Block Grant Update and Application Review**

**Agenda Items for CDBG and RCBG Programs**

- Update Block Grant Funding (CDBG & RCBG) Levels
- No Job Creation Applications Received
- Review Oakley Senior Center
- EAC Vote (1)

**CDBG PY 2016 Allocation with 2015 Roll-Over Dollars (04/01/2016 to 03/31/2017)**

• State (2016) Allocation	\$7,561,311
(\$261,684 less than last year's allocation)	
• Admin & Tech Assistance	\$326,839
• Imminent Threat	\$300,000
• Senior / Community Center	\$453,678
• Public Facilities	\$3,240,397
• Economic Development:	\$3,240,397

2015 Roll-over = \$7,151,914 split 50:50 into PF and ED (\$3,575,957)  
\$6,624,516 needs to be committed by December 4, 2016

• Public Facilities: \$3,240,397 + \$3,575,957 =	\$6,816,354
• Economic Dev: \$3,240,397 + \$3,575,957 =	\$6,816,354

**CDBG PY 2016 Allocation with 2015 roll-over dollars (4/01/2016 to 3/31/2017)**

• Admin & Tech Assistance	\$326,839
• Imminent Threat	\$300,000
• Senior/Community Center	\$453,678
• Public Facilities	\$6,816,354
• Economic Dev:	\$6,816,354

Total = \$14,713,225

EAC can move funds within the set-asides based on fundability and demand.

**CDBG PY2016 Amounts & Today's Request (4/01/2016 to 3/31/2017)**

Set-asides	Budget	Obligated	Remaining
Imminent Threat	\$300,000	\$0	\$300,000
Senior/Community	\$600,000	\$600,000	\$0
Public Facilities	\$6,816,354	\$5,958,650	\$857,704
Economic Develop (jobs & downtown)	\$6,670,032	\$875,000	\$5,795,032
Totals	\$14,386,386	\$7,433,650	\$6,952,736

Note: the next two funding rounds will only be for jobs or imminent threat

## **RCBG (State funded) Infrastructure to Jobs Program**

- July 1, 2016 – Started with \$720,000 in the (2017) state rural initiative grant programs (RCBG & Gem). Typically split 50:50 between the two programs.

## **CDBG & RCBG Job Creation Demand**

Possible Job Creation Projects:

- Bonner County/Sandpoint Airport – Quest
- Bonneville County – Wheelhaus/Fireside Resort Jackson Hole
- City of Burley – Legend Seating
- City of Horseshoe Bend
- City of Emmett – aeronautics company
- City of Fruitland

## **Block Grant Application Review – Public Facilities**

Summary of Application:

1. City of Oakley: Senior and Community Center for \$149,956
  - a. Staff recommends approving application for funding with the requirement that an ASTM Phase I be conducted on the property. Based on the results of the Phase I Commerce may require additional testing and/or changes to the construction scope of work.

### Council Discussion:

John queried as to the source of the funding if the Council moved to fund the City of Oakley. According to Dennis, the funds for the project would come from the economic development set-aside.

Steve noted that an ASTM Phase I is simply an examination of the records with no site testing. Steve has been involved in the past with several remediation projects and they were often a lot more work and money than anticipated. Often, the extent of testing needed to satisfy the Department of Environmental Quality (DEQ) is extensive.

The City of Oakley has previously conducted a small amount of assessment and sampling near the tanks but has not yet conducted a proper ASTM Phase I. Based on the results, the city may need to deal with mitigation.

Due to the results of the ASTM Phase I being unknown, the council felt most comfortable capping the dollar amount of the assessment phase. John also recommended that the City of Oakley include the site assessment and record review when the ASTM Phase I is ordered.

### Council Vote on Public Facility Block Grant Application

**Motion:** To approve the application the City of Oakley for funding with the requirement that the Phase I ASTM be completed with a \$5,000 dollar cap.

**Moved by:** Mark Young

**Seconded by:** Robin Woods

**All in favor. No discussion.**

**Motion approved.**

### **Block Grants Review**

- CDBG projects – 2013 – 15 status review
- RCBG projects – 2013 – 16 status review

### **Council Discussion:**

Megan noted for future Rural Community Block Grant proposals that the Department of Commerce may want to send specific applications to the Idaho Transportation Department (ITD) as they have \$5 million set-aside for various road projects.

Megan also let the council know that Pocatello is now #3 in the nation for career growth and Boise is #2 in the country for construction job growth. Idaho was also ranked the top state in the nation for job satisfaction.

### **Motion to Move to Executive Session**

Chairman Wittrock announced the Council will review the details of one application for refundable tax credit under the Idaho Reimbursement Incentive Act that has been received by the Director and submitted to this Council for review. The application contains records and information exempt from public disclosure under Idaho Code §§ 9-340D(6) and 67-4708. Chairman Wittrock entertained a motion under Idaho Code § 67-2345(1)(d) to go into executive session to review the application.

Margie Watson moved to enter into executive session. Robin Woods seconded.

Roll call vote to move into executive session:

John Craner - Aye  
Steve Meyer - Aye  
Margie Watson – Aye  
Mick Wiskerchen - Aye  
Arlen Wittrock – Aye  
Robin Woods – Aye  
Mark Young – Aye

With all in favor of moving into executive session, the Council moved into executive session at 10:00 a.m.

### **Return to Public Session**

Chairman Wittrock noted that the Council returned to the public session at 10:33 a.m.

Chairman Wittrock indicated the Council

1. Reviewed and discussed the application submitted for refundable tax credit; and
2. Closed the Executive Session after discussions were concluded. The motion to close the Executive Session was made by Steve Meyer, seconded by Mick Wiskerchen.

## **Review of Tax Reimbursement Incentive for PROJECT FOXTROT**

Chairman Wittrock entertained a motion for Project Foxtrot.

### **Motion:**

In the matter of the application for PROJECT FOXTROT, I move that the Council approve the application and instruct the Director to enter into an agreement with PROJECT FOXTROT upon the following terms:

- A post-performance refundable tax credit which represents 26% of new state revenue for 10 years.
- Tax credit certificate issued post-performance upon review and verification by Commerce.
- No less than 50 new jobs in Kootenai County, or 60% of the total annual projected new jobs, whichever is greater.
- Average annual wages must equal or exceed the average county wage of \$34,284.
- Allow for a maximum one-year construction phase during the term of the agreement.
- Company must maintain operations in Idaho for the term of the agreement.
- Subject to confirmation of community match.
- Any additional terms deemed necessary by the Director not otherwise conflicting with the above conditions.

**The motion** was made by Steve Meyer, seconded by Robin Woods.

Roll call vote to approve the TRI application for Project Foxtrot:

John Craner – Aye  
Steve Meyer - Aye  
Margie Watson – Aye  
Mick Wiskerchen – Aye  
Arlen Wittrock - Aye  
Robin Woods – Aye  
Mark Young – Aye

With a unanimous vote, the Tax Reimbursement Incentive of **26% for ten (10) years for Project Foxtrot was approved** and the Council asked the Director to proceed in negotiating the final contract in coordination with Commerce's Deputy Attorney General.

The company name will be announced when the company makes a formal announcement.

### **Tax Reimbursement Incentive (TRI) Updates**

Kallen shared with the council a PowerPoint presentation that highlighted the first two years of TRI and the successes and challenges the incentive has brought to Idaho since its inception.

## **Legislative Update and Policy Discussion**

Director Megan Ronk updated the council on the status of the lawsuit that has been brought against the TRI initiative. At the last hearing, in July, the judge granted a motion for the plaintiff to amend his complaint by adding areas where Employer Resource had been specifically harmed by TRI.

The motion to dismiss is scheduled for August 2, 2016 at 4:00 p.m. and the judge then has 60 days to rule. Megan sent the council a copy of the plaintiff's amended complaint and will keep the council apprised of any new details.

Bobbi-Jo Meuleman, Chief Operations Officer, provided the council with three different versions of a TRI one sheet. She asked for feedback regarding what information should be provided as well as if any stylistic changes should be made. The TRI one sheet will be a useful tool for council members when explaining the benefit of TRI to individuals within their regions. The council recommended creating two more one sheets: one for Community Development Block Grants (CDBG) and one for all of the other grants the Department of Commerce offers.

The Department of Commerce must submit all legislative ideas by August 5, 2016. A proposal will then be drafted once Governor Otter lends his approval. Megan's proposal will include two pieces of legislation: one that would exempt sales tax associated with the sale of conduits, storage servers, and equipment related to broadband and one that would create a new TRI classification, meeting the needs of very rural communities with a population of 10,000 or less, by allowing companies that create 10 jobs or less to be eligible for the incentive.

### **Council Discussion:**

Steve asked Megan whether she had run into specific cases in the past where having a super rural initiative would have been helpful. According to Megan, there have been roughly four cases where the Department of Commerce had to recommend a company apply for a Rural Community Block Grant (RCBG) instead of a TRI due to the size of the requesting company and community.

Mark stated that 10 jobs in a community of a few thousand would make a large local economic impact and encouraged Megan to move forward with her proposal to make TRI more accessible to smaller communities. Margie echoed Mark's thoughts and added that a super rural initiative would make the TRI more inclusive and attainable for small businesses throughout the state.

Bobbi-Jo recently met with Mayor Tom McCauley of Buhl and he expressed his enthusiasm for the proposal of expanding TRI to include a super rural component. For Tom, companies that come to Buhl with 8-10 jobs are ideal as they boost the local economy without putting a strain on the city's infrastructure.

The Department of Commerce's budget request must be submitted to the governor's office by September 1, 2016. Megan is currently planning to ask for additional economic development funding by way of grants administered by the Department of Commerce.

Governor Otter has tasked the Department of Commerce, and various other state agencies, with developing a plan to attract military veterans, still in the workforce, to

Idaho by offering a military retirement pay income tax exemption. Currently, 20 states throughout the country offer such an exemption.

In a bi-monthly meeting, Megan collaborates with the Idaho Department of Labor, the State Board of Education, the Department of Education, Career-Technical Education and the Governor's Office to discuss workforce and education issues throughout the state.

### **The Development Company**

Ted Hendricks, the Community and Economic Development Director, of the East-Central Idaho Planning & Development Association (ECIPDA) gave a brief PowerPoint presentation to the council highlighting the work his team is doing in Eastern Idaho. As a private, nonprofit corporation serving nine counties, The Development Company assists local entities and citizens in policy development, community planning, program management, small business lending, and technical assistance.

### **U.S. Department of Commerce – Economic Development Administration**

David Porter, with the West Coast division of the U.S. Department of Commerce, briefly addressed the council and discussed the value Economic Development Districts bring to states throughout the country. He stressed the importance of wall-to-wall districts and proudly reported that Idaho is one of only six states that has districts covering the entire state. According to David, comprehensive economic development strategy is vital to helping companies figure out who they are and where they are going in the future.

### **Final Thoughts**

The next EAC meeting to discuss TRI will be held via conference call on August 25, 2016. The next in-person EAC meeting will be at the end of October in Boise.

Margie voiced concern with regard to the joint council meeting that was held in conjunction with the Idaho Travel Council (ITC) in January 2016. Due to the joint meeting, the EAC Council ran out of time to conduct their specific business. Therefore, Margie proposed the idea of either removing that portion of the meeting in the future or including a sponsored dinner reception or working lunch with the ITC as an alternative to the formal meeting. Megan will work on an alternative option for the January 2017 joint council meeting.

### **Motion:**

Margie Watson moved to close the meeting. Mick Wiskerchen seconded.

**All in favor. No discussion.**

**Motion approved.**

Chairman Wittrock adjourned the meeting at 1:18 p.m.